FINANCIAL NEWS

Finance Corp. raises $50M for Bojangles expansion

PHOENIX—A $50 million limited partnership offering has been completed on behalf of Franchise Finance Corporation of America (F.F.C.A.) and will be used to finance the purchase of land and equipment for the Bojangles fast-food chicken chain.

F.F.C.A. provides single-source real estate and equipment financing through the sale of limited partnerships for the fast-food industry. To date, $250 million has been raised through limited partnership offerings called Insured Income Properties. The most recent offering was called Insured Pension Investors 1983.

Among the chains that have established working agreements with F.F.C.A. are Kentucky Fried Chicken, Burger King, Taco Bell, Wendy's, Hardee's, Long John Silver's and Arby's. Insured Pension Investors 1983 was sold exclusively for Horn & Hardart Co., franchisors of Bojangles.

Underwritten by E. F. Hutton & Co., which holds a 25% interest in F.F.C.A., the latest offering was designed to provide the benefit of ownership in both secured notes and commercial land for pension plans and other nontaxable, institutional-type investors, according to Morton H. Fleischer, F.F.C.A. president.

The partnership is structured so the buildings and equipment are owned by parties who can use the tax deductions resulting from depreciation, Fleischer explained.

In return, the partnership receives a higher rental rate on the land and interest rate on the loans for the building and equipment.

Investors in the partnership, Fleischer said, benefit from the ownership of a diversified portfolio of commercial land and a pool of secured loans.

Church's 2nd-quarter net profit up 2.8%

SAN ANTONIO—Church's Fried Chicken reported a $10.6 million profit for the second quarter ended June 12, a 2.8% increase over the comparable period last year.

Revenues for the quarter went up 5.5% to $105.5 million.

For the 24-week period ended June 12, net profit rose 3% to $18.79 million, on revenues of $197.1 million, a 5.2% gain.

One reason the company gave for the profitable quarter was a decrease in food costs from 39% of sales during the second quarter last year to 37.5% this year.

Church's opened 17 chicken stores and five G. W. Jr.'s, which are hamburger outlets, during the quarter.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended July 29							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date				Last Fiscal Year (Per Share)		
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Last Fiscal Year Revenue	Last Fiscal Year Earnings	Current Ratio	Long Term Debt	Common Stock Equity	Last Balance Sheet Date
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	7.25	6.50	6.50	.25	4.00	7.88	5.00	.73	-1.01	4.03	-21.89	.05	.21	S	NE	-25.0	.3	38.2	.00	.0	01-06-81	37.1	.1	1.4	6.13	2.99	1082
Am Motor Inns	INN	37.75	34.38	34.38	-2.38	-6.46	38.50	15.88	-.07	-.21	2.28	-10.52	2.10	.40	N	20.3	27.0	7.0	14.5	.25	.7	08-10-83	161.4	11.3	1.6	15.08	13.00	0782
ARA Services	ARA	51.00	47.75	47.75	-2.00	-4.02	55.00	26.00	-.25	1.14	3.22	52.50	3.43	-.30	S	-7.8	-7.0	1.4	13.5	2.05	4.3	05-26-83	2805.6	38.9	1.1	22.39	44.25	0982
Assoc Hosts	AHST	18.50	16.00	16.00	-2.25	-12.33	18.50	3.34	.49	-3.31	-1.37	5.79	.39	-.07	S	-14.5	-15.0	2.2	39.0	.12	.8	07-05-83	78.6	1.7	1.6	4.40	5.05	0982
Beefsteak Char	BCS	7.38	6.75	6.88	-.13	-1.79	9.75	4.50	-.61	.62	-1.42	-6.65	.88	.04	S	5.7	34.0	3.7	9.4	.00	.0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	33.50	30.00	32.75	2.50	8.26	33.50	14.66	.15	.61	.63	11.44	1.11	.02	F	1.8	21.0	6.9	29.5	.30	.9	08-08-83	187.5	13.0	3.0	.00	6.92	0483
Bonanza Intl Inc	BNZA	6.88	6.38	6.75	.50	8.00	6.88	1.63	.72	1.55	-3.44	-2.07	.11	3.06	S	NE	-86.0	3.1	33.8	.00	.0	00-00-00	16.1	.5	1.6	9.70	1.67	1282
Brock Hotel Cp	BHC	8.88	7.50	7.75	-.88	-10.14	14.50	7.50	-.52	-1.89	1.14	14.71	.39	-.68	S	-97.1	-33.0	2.0	387.5	.10	1.3	06-13-83	259.8	5.1	1.2	11.01	3.90	1281
Calny Food	CLNY	15.75	14.25	14.75	.25	1.72	17.25	5.50	-.11	-.08	8.87	7.41	.80	.14	Q	20.2	6.0	4.6	17.8	.20	1.4	07-27-83	30.2	1.4	.4	3.71	2.24	0283
Captain Crabs	CRAB	7.25	5.50	6.50	1.00	18.18	7.25	1.00	.30	-2.02	3.00	-38.71	.00	.00	S	NC	NC	.0	NE	.00	.0	00-00-00	.9	.0	7.0	.04	.22	0882
Carrols Cp	CRL	19.88	16.38	19.00	2.00	11.76	19.88	3.34	1.57	.15	5.13	-6.51	1.00	.56	F	127.2	22.0	3.6	19.0	.07	.4	02-02-83	85.2	3.1	.6	6.55	4.00	0582
Chart House	CHHO	37.13	34.50	35.00	.50	1.45	37.75	17.25	.27	-.09	-.01	47.71	2.08	.09	S	4.3	13.0	4.9	16.1	.60	1.7	06-24-83	382.0	18.7	1.0	9.21	13.12	1282
Chi-Chis	CHIC	37.63	33.75	35.50	.88	2.53	37.63	8.75	.42	.92	1.24	5.03	.59	.30	F	103.4	26.0	9.8	60.2	.00	.0	12-20-82	90.6	8.9	3.0	2.18	2.26	0482
Ch Full O Nut	CHF	21.63	19.38	19.63	-.75	-3.68	24.38	12.50	.09	-.71	-3.11	-6.74	.34	.10	N	25.0	-8.0	1.4	39.3	.40	2.0	12-09-82	115.8	1.6	3.1	.43	5.97	0782
Churchs Fr Ch	CHU	33.50	27.63	29.63	1.88	6.76	33.50	16.75	.35	-1.42	3.99	-13.47	2.19	-.06	S	-2.6	9.0	10.1	13.3	.72	2.4	05-20-83	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.75	3.50	3.50	-.13	-3.45	4.00	2.88	.08	-1.02	-3.91	-43.53	.13	.59	Q	NE	NE	2.1	10.3	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	19.50	18.25	18.75	.00	.00	19.84	7.50	.07	.42	-5.61	.55	1.47	.35	F	31.2	16.0	3.8	12.8	.20	1.1	07-01-83	325.5	12.4	1.3	4.96	7.13	0482
Consul Corp	CNSL	17.75	17.00	17.25	.00	.00	18.75	5.88	.07	1.46	-1.67	19.71	.26	.26	F	NC	89.0	2.5	66.3	.00	.0	00-00-00	32.4	.8	.7	2.21	2.88	0582
Cracker Barrel	CBRL	23.50	23.25	23.50	.25	1.08	27.34	6.16	.03	1.05	-3.66	22.91	.69	.21	N	31.8	20.0	3.7	27.0	.13	.6	07-01-83	35.4	1.3	1.9	3.57	4.46	0782
Dennys Inc	DEN	36.38	31.50	34.50	2.75	8.66	36.88	22.38	.31	.12	1.37	16.18	2.47	.26	N	11.1	9.0	3.9	13.3	.64	1.9	06-06-83	955.7	36.8	1.4	15.81	15.02	0682
Dunkin Donuts	DUNK	26.50	23.50	23.88	.38	1.60	28.75	10.50	-.19	-1.41	-.84	8.02	1.40	.21	S	16.0	18.0	9.4	15.7	.28	1.2	08-15-83	71.3	6.7	1.2	12.87	15.97	1082
Frischs	FRS	26.88	21.63	25.13	3.13	14.20	26.88	7.94	1.53	.85	4.57	-44.53	1.92	.12	F	6.6	16.0	3.7	13.1	.40	1.6	06-28-83	112.0	4.1	1.5	6.23	13.58	0582
Godfathers Pizza	GFPZ	22.38	20.38	20.38	-1.63	-7.39	25.50	9.63	.09	-.58	.30	14.39	.65	.01	Q	1.5	104.0	15.8	31.8	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Hambrg Hamlet	HAMB	12.00	12.00	12.00	.50	4.35	12.00	5.50	.10	1.08	1.99	52.00	-1.10	-2.45	F	-181.4	-22.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	.7	20.45	13.07	0382
Hardwicke	HAWK	1.13	1.13	1.13	.00	.00	2.00	.88	-1.36	.82	1.88	.00	-12.59	-9.67	Q	NE	-94.0	-89.4	NE	.00	.0	00-00-00	27.4	-24.5	.3	12.03	-4.31	0982
Hilton Hotels	HLT	54.63	50.00	50.88	-3.38	-6.22	60.25	27.63	-.27	-.95	-1.48	52.36	3.04	-.83	S	-22.0	.0	14.4	17.3	1.80	3.5	08-29-83	562.9	81.3	2.0	6.73	21.31	1282
Holiday Inns	HIA	55.63	49.00	50.50	-1.38	-2.55	59.00	24.50	-.24	-1.02	3.92	8.10	2.50	.16	S	5.8	9.0	6.8	17.5	.84	1.7	06-13-83	1425.3	97.2	.9	11.74	25.35	1282
Holiday Inns A	HIA A	.00	1023.97	83.50	.00	.00	84.00	38.50	.07	1.06	-14.18	.00	NA	NA		NA	NA	NA	NA	.00	.0	00-00-00	NA	NA	NA	NA	NA	NA
Horn & Hardart	HOR	29.75	26.00	26.50	-.50	-1.85	32.34	8.72	-.24	-1.67	-4.24	-9.38	.74	.23	Q	37.7	38.0	2.8	31.5	.00	.0	07-12-83	235.4	6.6	1.1	9.46	4.77	1282
Hungry Tiger	HTIG	9.75	9.00	9.00	.00	.00	12.25	5.34	-.26	-1.10	.39	-14.61	.78	-.21	N	-25.9	5.0	3.8	15.0	.00	.0	11-15-82	55.9	2.1	.6	4.91	5.57	0882
Imperial Grp	IMT	1.88	1.75	1.81	-.06	-3.33	2.06	1.56	-.11	.52	-3.78	-75.16	.47	.00	F	.0	9.0	2.6	3.9	.12	6.6	04-12-83	7742.8	198.3	1.1	.54	1.92	1082
Intl Dairy Queen	INDQ	38.50	36.50	38.50	1.50	4.05	40.00	13.50	.04	1.72	-3.20	35.29	2.17	.68	S	36.7	31.0	6.3	15.2	.00	.0	00-00-00	98.6	6.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	38.25	32.00	35.25	3.13	9.73	38.25	3.50	1.24	-1.13	2.44	-26.78	.33	.98	N	515.7	20.0	1.4	30.1	.00	.0	10-09-79	36.6	.5	.3	4.09	3.77	0682
JBs Rest	JBBB	16.88	16.00	16.00	-1.13	-6.57	18.13	5.75	-.22	.28	.66	39.22	.93	.27	S	37.5	13.0	3.5	16.2	.20	1.3	08-08-83	45.1	1.6	.9	6.38	5.84	0982
Jerrico Inc	JERR	20.50	18.75	19.00	-.88	-4.40	23.50	12.69	-.37	-.03	.13	5.78	1.40	-.11	N	-7.5	21.0	5.1	14.2	.12	.6	05-09-83	425.5	21.8	.9	2.91	8.99	0682
Kapok Tr Inns	KTI	9.38	8.75	9.00	-.38	-4.00	10.75	3.00	.00	.48	-5.85	53.95	-.37	-.17	S	NE	-46.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	18.63	17.38	18.00	-.75	-4.00	24.50	10.34	.71	1.29	1.62	1.18	.40	.02	F	5.2	66.0	5.9	45.0	.00	.0	10-13-82	40.8	2.4	.9	.89	4.40	0382
Karcher Carl	CARL	33.75	33.00	33.38	-.13	-.37	34.13	9.59	.32	1.07	.20	9.40	1.32	.23	F	21.1	14.0	4.0	25.3	.00	.0	02-16-83	231.0	9.3	1.9	5.15	6.67	0182
Lubys Cafe	LUB	33.00	31.50	32.00	.25	.79	33.25	20.50	.05	.72	4.72	4.88	1.35	.18	N	13.8	20.0	9.1	21.6	.60	1.9	09-02-83	127.3	11.6	1.9	.64	6.79	0882
Marcus Corp	MRCS	14.25	13.38	13.75	.38	2.80	15.13	6.75	-.17	.81	-4.05	60.27	1.13	.06	N	5.1	4.0	5.7	11.3	.25	1.8	07-01-83	103.8	5.9	.8	2.98	9.76	0582
Marriott Corp	MHS	79.25	73.63	74.50	-.50	-.67	81.00	33.25	-.05	-.16	-1.27	38.20	3.44	.43	S	13.0	23.0	3.7	20.0	.36	.5	06-20-83	2541.4	94.3	.9	33.49	19.43	1282
McDonalds Cp	MCD	67.00	60.00	61.50	-2.50	-3.91	74.50	45.69	-.01	-.12	-1.55	-9.34	5.00	.63	S	13.4	17.0	11.1	11.6	1.00	1.6	05-24-83	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	21.63	19.75	20.25	-1.00	-4.71	22.13	11.25	.06	-1.04	-1.16	-27.83	1.41	.25	F	21.5	9.0	4.4	14.4	.40	2.0	08-01-83	421.5	18.7	1.4	2.95	7.90	0582
Mr Steak	MSST	10.00	9.63	9.75	.25	2.63	10.50	1.75	.10	.40	-2.02	-32.69	-.98	-.42	S	NE	-38.0	-2.7	NE	.00	.0	05-29-80	59.8	-1.6	1.1	4.26	3.76	0982
Nathans	NATH	2.25	2.00	2.00	-.25	-11.11	2.75	.78	-.50	-2.21	-.88	17.39	.03	.80	N	NE	NE	.6	20.0	.00	.0	09-09-82	16.7	.1	.5	.10	1.73	0382
Naugles Inc	NAUG	32.75	30.00	30.00	-1.00	-3.23	32.75	10.13	.22	.30	5.63	-40.66	.78	.83	N	NC	47.0	3.9	36.1	.00	.0	11-01-82	55.8	2.2	.4	8.04	2.73	0682
Oakbrook Cons	OKCO	17.00	15.25	17.00	1.75	11.48	18.50	9.00	.50	1.05	8.80	69.23	.69	-1.12	S	-82.9	-29.0	.4	73.9	.32	1.9	06-09-83	143.6	.6	.6	3.82	13.85	0982
Orange-co	OJ	6.00	5.63	5.63	-.38	-6.25	7.88	4.38	-.09	1.26	-4.22	-28.40	-.25	-.41	N	-273.3	-23.0	-.8	NE	.00	.0	02-22-82	74.0	-.6	1.3	13.28	4.63	0882
Peoples Rest	PEPL	14.25	12.75	13.25	-1.13	-7.83	15.13	5.50	.82	.90	.90	-26.08	.19	.20	N	NC	81.0	13.8	66.3	.00	.0	00-00-00	5.8	.8	.5	.75	2.39	0682
Piccadilly Caf	PICC	17.00	15.88	15.88	-1.38	-7.97	18.13	13.50	.09	.36	-7.24	-6.13	1.39	-.36	N	-25.0	9.0	5.9	14.7	.60	3.8	06-09-83	142.6	8.4	1.9	.00	7.29	0682
Pizza Inn	PZA	17.50	15.13	15.88	.63	4.10	17.50	4.09	1.03	-.30	-3.28	-3.08	.55	.21	Q	42.0	4.0	1.3	22.4	.04	.3	07-12-83	135.1	1.7	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	16.50	14.50	14.50	-1.75	-10.77	28.00	14.25	-.49	-1.47	-4.56	23.91	1.27	-.81	S	-75.7	31.0	7.6	55.8	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	24.88	19.50	21.88	-.50	-2.23	25.25	9.59	-.06	-1.51	.61	-38.21	1.50	.26	Q	20.3	-4.0	2.8	14.2	.33	1.5	06-08-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	11.88	10.25	10.88	.13	1.16	11.88	4.25	.04	-.61	-1.53	-31.08	-.73	-.69	Q	NE	-44.0	-3.6	NE	.00	.0	10-19-81	547.5	-19.9	.6	18.50	5.12	1282
Restaur Assc	RA	9.75	8.50	8.50	-.88	-9.33	11.38	3.25	-.17	-.10	-2.45	40.82	.77	-.06	Q	-8.2	22.0	1.8	12.7	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	28.25	24.25	25.50	1.00	4.08	28.25	3.09	.39	-1.63	-2.61	-51.45	.33	.07	S	21.8	67.0	10.6	65.4	.00	.0	04-20-83	9.4	1.0	3.1	.34	1.61	1282
Saga Corp	SGA	40.25	34.50	36.75	1.13	3.16	40.25	12.50	.73	-1.18	-.50	-2.59	2.19	.51	F	30.3	40.0	2.3	16.8	.36	1.0	06-02-83	978.8	22.4	.9	4.26	8.86	0682
Sandwich Chef	SHEF	13.75	12.75	13.75	1.25	10.00	15.50	11.50	-.50	1.65	-5.59	-11.31	.77	.75	N	NC	24.0	4.7	18.3	.00	.0	00-00-00	17.0	.8	.6	.50	3.42	0682
Sea Galley	SEAG	15.00	12.13	12.88	-1.75	-11.97	15.00	5.50	.15	-.07	-2.47	-8.57	.02	-.91	Q	-135.8	-33.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	18.00	16.75	16.75	-.50	-2.90	19.75	7.50	-.44	-.11	1.07	21.31	.74	-.79	F	-51.6	42.0	1.5	22.6	.00	.0	07-09-82	138.1	2.1	1.1	65.81	6.21	1282
Shoneys Inc	SHON	25.75	24.75	24.75	-.50	-1.98	27.38	12.66	.07	.21	-.41	5.93	.86	.25	S	34.7	19.0	5.1	25.5	.15	.6	07-05-83	324.9	16.6	1.0	2.65	5.02	1082
Skippers	SKIP	15.50	14.00	14.75	.75	5.36	15.50	3.16	-.06	.08	1.72	-34.52	.48	.16	S	135.2	16.0	2.6	18.4	.08	.5	03-31-83	38.1	1.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTZ	16.00	16.00	16.00	.00	.00	16.50	10.50	.07	1.06	-10.82	-25.00	.28	.64	Q	NE	-12.0	.9	26.7	.20	1.3	06-13-83	80.1	.7	1.1	26.22	9.51	1282
So Hospitality	SHOS	6.75	6.25	6.25	.00	.00	7.50	1.38	-.15	1.08	-4.87	-1.14	.27	.08	F	42.1	33.0	3.8	23.1	.00	.0	00-00-00	26.3	1.0	1.0	2.29	-.20	0582
Steak n Shake	STAK	9.25	8.38	8.38	-.88	-9.46	9.25	2.63	.63	-.80	.92	21.32	.18	.17	S	283.3	37.0	1.4	36.4	.00	.0	05-17-79	57.2	.8	1.1	4.94	2.76	0982
Victoria Stations	VSTA	11.50	10.25	10.25	-1.13	-9.89	13.63	5.00	-.61	-1.70	-1.92	41.49	-2.42	-2.77	F	-791.4	-47.0	-7.1	NE	.00	.0	09-19-79	112.3	-8.0	1.0	7.67	10.49	0382
Wendys Intl	WEN	17.25	16.00	16.38	-.13	-.76	19.63	9.59	-.25	.34	-1.08	5.00	1.13	.15	Q	14.7	13.0	7.3	14.0	.24	1.5	04-29-83	604.3	44.1	.8	2.53	6.50	1282
Webb Del E	WBB	23.00	18.50	19.00	-2.50	-11.63	25.00	6.13	-.57	-2.55	-2.39	4.42	.16	-.80	Q	-129.0	-25.0	.5	NE	.00	.0	11-07-80	311.2	1.5	.9	11.32	13.71	1282
Western Steer	WSMP	13.75	13.25	13.25	-.50	-3.64	17.50	8.00	-.43	1.10	-11.07	26.56	.92	.98	Q	NC	3.0	3.1	13.5	.12	.9	06-03-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	17.13	16.25	16.25	-.75	-4.41	17.13	6.94	.18	-.04	1.23	-3.60	.63	.07	Q	12.0	8.0	2.6	25.0	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

Saga net increases 33%

By Richard Martin

MENLO PARK, Calif.—Saga Corp. achieved a 33% increase in net profit to $22.4 million for the fiscal year ended June 25, compared to fiscal 1982. Revenues were up 8.7% to $979 million.

Net profit in the fourth quarter rose 37% to $4 million on a 9% increase in revenues to $235 million, compared to last year's fourth quarter.

"Fiscal 1983 is our third consecutive record of earnings and sales," said Charles A. Lynch, chairman and ceo. "Our earnings improvement for the year was due to continuing moderate food cost inflation, stringent management cost controls and effective cash management programs.

"Operating margins in both the restaurant and contract foodservice segments of our business improved over fiscal 1982. The majority of the increase in our general and administrative expenses was due to the impact of business development expenses and stock appreciation rights."

Lynch said revenue growth in Saga's restaurant divisions continued to be strong and increased 16% over last year's fourth quarter as a result of new store additions, consumer acceptance of new product offerings and "the continued gradual recovery of the economy."

Lynch said contract food service divisions continued to experience moderate revenue growth in the fourth quarter, as they had during the first nine months.

In fiscal 1983, total food and beverage costs for all operations, including contracts, amounted to 40.5% of total revenues. Total payroll and related costs were 36.3%. After deducting other operating costs of $156 million, operating profit of $71 million for the year was 7.3% of total revenues.

Saga's restaurant chains are Stuart Anderson's Black Angus/Cattle Co., Straw Hat Pizza and Velvet Turtle.

McDonald's profit up 11% in second qtr.

OAK BROOK, Ill.—McDonald's reported an 11% rise in net profit to $96 million on a 9% revenues increase to $787 million for the second quarter ended June 30 compared to the same period a year ago. Systemwide sales rose 6% to $2.1 billion.

For the first six months, net profit rose 12% to $162 million on an 8% revenues gain to $1.4 billion. Systemwide sales in the first half topped $4 billion, a 7% increase over a year ago.

The burger chain opened 133 new units in the second quarter. As of June 30, there were 7,450 McDonald's worldwide, an increase of 545 from June 30, 1982.

Weaker foreign currency exchange rates hurt international sales, which rose about 7% to $744 million. There are 1,428 McDonald's units outside the United States.

Fred Turner, McDonald's chairman, said profit margins at company operated restaurants rose to 17.6% of sales from 16.7% a year ago.

Holiday Inns earnings rise 28% in second qtr.

MEMPHIS—Net profit at Holiday Inns Inc. rose 27.7% to $38.8 million on an 8.9% revenues increase to $396.5 million for the second quarter ended July 1.

For the first six months, net profit increased 11.3% to $61.2 million on a 7.1% rise in revenues to $745.8 million.

Improvements in Holiday Inns' hotels, casinos and restaurants were the result of a general economic upswing, new marketing programs, cost management efforts, and improved operating systems, according to Michael Rose, president and chief executive.

Holiday Inns has opened its first Crowne Plaza upper-end hotel in San Francisco and will open a second Crowne Plaza late this summer in Miami.

Int'l King's Table net leaps 370%

EUGENE, Ore.—International King's Table has scored a 370% increase in net profit to $2.4 million for the fiscal year ended July 2, compared to last year. Revenues jumped 37% from year to year, totaling $50 million for 1983.

The 81-unit company ended the most profitable year in its 18-year history with a record fourth quarter, in which net profit rose 217% to $845,000 and restaurant sales climbed 60% to $15.6 million.

IKT president Roger W. Houmes recapped the company's performance with an analysis of critical factors: "Most important of these was the acquisition of 31 Royal Fork Buffet restaurants.

"This provided the impetus for strategic positioning geographically and demographically in the strongest and fastest growing market sectors in this country." Houmes said the location, design and operating characteristics of the Royal Fork units were complementary factors; greater average seating capacity than existing IKT units was an added advantage, he said.

Out of its total market area of 11 western states, the company's major concentration of restaurants is now in Arizona, Colorado, California and Washington. Houmes said senior citizens now make up about 35% of IKT's customer base—a percentage he expects to grow with the introduction of the company's seniors discount marketing program into the Royal Fork units.

Houmes indicated the whole range of factors, including a strong advertising effort, contributed to a 32% increase in customer counts over 1982 levels. "This increase, in addition to modest price increases, provided sufficient cash flow to allow early retirement of a significant portion of the debt acquired to finance the Royal Fork restaurants," he said.

PepsiCo food-service div. profit up 43%

PURCHASE, N.Y.—PepsiCo reported that profits in its food-service division, which includes Pizza Hut and Taco Bell, increased 43% during the second quarter, ended June 11, compared with the same period last year.

Food-service revenues for the quarter were up 23%.

PepsiCo does not release actual sales and profit figures for its food-service components, nor does it break down the profit and revenue percentages for Pizza Hut and Taco Bell individually.

A company statement attributed increased revenues to Pizza Hut's newest menu item, the Personal Pan Pizza, and "several new product introductions" at Taco Bell. It said real sales per store were up 14% in company stores.

PepsiCo, meanwhile, reported that total sales were $1.84 billion, a 1.7% increase, while profits declined 18.4% to $74.8 million.

Harrah selling Holiday Inns stock

MEMPHIS—A major Holiday Inns shareholder, the Harrah estate, is selling 1.1 million shares of the company's common stock.

None of the proceeds from the expected $50 million offering will go to Holiday Inns. The shares are owned by a trust created under the will of William F. Harrah for the benefit of his widow.

The Harrah estate received the shares in exchange for convertible debentures issued to it when Holiday Inns acquired the Harrah's Casino Gaming Co. in February 1980.

G.D. Ritzy's takes net loss of $247,000 in 2nd quarter

COLUMBUS, Ohio—G. D. Ritzy's, a 27-unit fast-food chain modeled on a 1940's shake shop, posted net losses of $247,000 for the second quarter ended June 30, compared to $166,000 of red ink in last year's second quarter.

Second-quarter revenues increased 156% to $2 million from $781,000 last year.

There were seven G. D. Ritzy's units open at the same time last year. Of the 27 now in operation, 14 are company-owned and 13 are franchised. The company has licensed franchisees to operate 555 restaurants in 19 states.

For the six-month period, G. D. Ritzy's reported net losses of $697,000, compared to $328,000 last year. Revenue climbed 189% to $3.3 million from $1.1 million last year.

The company said it expected to record a profit this fiscal year and it noted that its second-quarter net loss was smaller than the $450,000 suffered in the first 1983 quarter.

The company also registered plans to sell 875,000 additional shares of common stock, including 125,000 shares to be sold by the Public Employee Retirement System of Ohio.

With the company's stock trading at $18-$19 recently, G. D. Ritzy's stood to gain $13.5 million to $14.25 million.

G. D. Ritzy's had about 4.5 million shares outstanding at the end of the second quarter, but planned a 3-for-2 stock split before the latest offering.

Amfac posts $20.7M loss

SAN FRANCISCO—Amfac Inc. has reported a $20.7 million second quarter loss, resulting mainly from $46.2 million in pretax write-offs (including write-offs of $14 million hotels and resorts and $6.6 million for discontinued seafood operations). Food group results, from Lamb-Weston, Monterey Mushrooms and Fisher Cheese, were up 35%. Amfac's total revenues for the quarter were $603.6 million. In the comparable period last year net profit was $5.5 million on revenues of $552.4 million.

Southern Hospitality profit up 55% in '83

NASHVILLE—Southern Hospitality, a diverse restaurant company, reported net profits for the fiscal year ended May 31 increased 55% over last year to $1.02 million.

Sales for the year went up 29.4% to $26.27 million.

R. Wayne Oldham, chairman and chief executive officer, attributed the increases to "improved results from all our restaurant groups."

He said the company's newest company-owned concept, Tempo's, had done "exceptionally well" since the first unit opened in 1981. The second opened this year.

Southern Hospitality also operates 24 franchised Wendy's restaurants, 12 Mr. Gatti's Pizza Restaurants, and five Ireland's Restaurants.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Bombay Bicycle Club	3 mos. 9 mos.	6/30			$ 22.0 64.0	13.0 7.0	$ 0.950 2.200	170.0 38.0
Church's	3 mos. 6 mos.	6/12			105.5 197.0	5.5 5.2	10.600 18.800	2.8 3 0
Family Entertainment	3 mos.	4/3					0.275	—
Holiday Inns Inc.	3 mos. 6 mos.	7/1			396.5 745.8	8.9 7.1	38.800 61.200	27.7 11.3
JB's Restaurants	4 mos. 12 mos.	7/3			16.9 39.7	19.0 20.0	0.812 1.485	53.0 45.0
Int'l King's Table	3 mos. 12 mos.	7/2	$15.6	60.0	50.0	37.0	0.845 2.400	217.0 370.0
McDonald's	3 mos. 6 mos.	6/30	$ 2.1 bil. 4.0 bil.	6.0 7.0	787.0 $1.4 bil.	9.0 8.0	96.000 162.000	11.0 12.0
G. D. Ritzy's	3 mos. 6 mos.	6/30			2.0 3.3	156.0 189.0	(0.247) (0.697)	
Ryan's Family Steak Houses	3 mos. 6 mos.	6/29			4.7 8.6	105.0 102.0	0.489 0.928	129.0 128.0
Saga Corp.	3 mos. 12 mos.	6/25			235.0 979.0	9.0 8.7	4.000 22.400	37.0 33.0
Southern Hospitality	12 mos.	5/31	26.3	29.4			1.020	55.0
1 Potato 2 Inc.	4 mos.	5/25			2.0	99.0	(0.191)	—

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

CHAIN ANALYSIS/PART II

Menu Mix Study

Dinner, breakfast business on the rise; lunch sales sag

NRN Special Report

A trend toward a higher proportion of dinner business and a further upswing in the breakfast portion of the mix are evident at fast-food burger chains and family restaurant coffee shop chains surveyed in *Nation's Restaurant News'* annual menu mix study.

This is an interesting development, since dinner represents the high end of the spectrum and breakfast the low end. Lunch, which has been a mainstay moderately priced menu mix leader, shows a dropoff in its proportion of sales, although total sales are moving upward.

These factors dramatize the delicate balance that chains are trying to establish in their menu mixes . . . perhaps a combination of higher-priced dinners, medium-priced lunches and fast-moving lower-priced breakfasts.

The object—among fast feeders as well as coffee shops—is to utilize all available hours, day and night, to lure maximum traffic, obtain the highest feasible check averages without turning off the customers, and diversify the menu mix without overdoing it.

Virtually all fast feeders have unveiled some sort of breakfast program to utilize the available space for productive ends. And breakfast remains a staple of the coffee shop business.

Menu prices have been brought under control more effectively at burger chains than at coffee shops, which are still showing 5% menu price rises. This could be one explanation for the relative slowdown in coffee shop traffic.

Leading fast-food and coffee shop chains may not be out of the woods yet as far as traffic growth is concerned. While surveys indicate real sales growth (comparative unit sales increases minus menu price increases) jumped 5.8% in April over the previous April for an apparent sharp comeback, real sales growth has been only in the 3% to 4% range in succeeding months.

AVERAGE BOX SCORE ON CHAINS—1980-83

	Burger Chains				Family Restaurants And Coffee Shops			
	1980	1981	1982	1983*	1980	1981	1982	1983*
Average Check Per Person	$2.26	$2.40	$2.45	$2.50	$3.41	$3.65	$3.75	$3.84
Average Annual Sales Per Unit	$609,648	$659,000	$728,000	$794,352	$642,356	$675,000	$743,000	$808,288
Average % Food Costs To Sales	35.5	35.1	34.6	34.4	35.1	34.9	32.9	32.2
Average % Payroll Costs To Sales	26.4	24.8	24.6	24.5	29.5	28.8	28.0	28.0
Average % Pretax Profit	5.9	8.5	9.0	9.4	4.2	5.3	8.2	8.5
Average % Menu Price Increase in Last Year	9.8	9.2	5.1	3.8	10.1	9.6	6.1	5.5
Main Specialty Item	Burger	Burger	Burger	Burger	Breakfast	Breakfast	Breakfast	Breakfast
% Of Sales Of Specialty Item	12.7	11.9	11.7	12.0	25.5	26.1	28.2	28.4

Source: *NRN* Research

**NRN estimate*

Most all averages rose this year for burger chains and family restaurants/coffee shops except for menu prices, which showed a significant drop for burger chains and only a slight drop for family restaurants.

CHAIN ANALYSIS/PART II: PRICE INDEX

Price index comparison reveals critical squeeze developing

Comparison of the price index for food-away-from-home with the wholesale food-price index reveals a critical squeeze developing for food service.

Despite an essentially flat wholesale food-price index, restaurant menu prices are on average about 4½% above last year's levels.

So supermarkets, whose costs are mostly in food, are continuing to chalk up a potential pricing advantage over eating out establishments.

Historically, a much more rapid increase in restaurant menu prices than in supermarket food prices has been reflected in a fall-off in restaurant customer counts.

The problem for eating-out establishments may well be exacerbated in coming months.

For one thing, the labor intensive restaurant industry is facing possible minimum wage increases in a number of states this year.

In addition, forecasters say that energy costs, a significant budget item for many, will continue to rise.

The competitive advantage among food-service operators themselves should go to those who can most closely control labor, utility, occupancy and other nonfood costs.

A trend to substituting lower food-cost items for higher ones on menus should also gain momentum. Likewise relatively rapid expansion of concepts specifically geared to low food-cost food service may be in the cards.

PRICE INDEX FOR FOOD AWAY FROM HOME

1979 to June 1982 (1967 = 100.0)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1979 Index	230.2	233.4	236.0	238.4	241.1	242.7	244.9	246.5	247.6	249.6	251.3	253.4
1980 Index	256.1	258.3	260.9	263.0	264.6	266.6	267.8	269.5	271.4	273.1	275.3	277.7
1981 Index	280.9	284.7	286.1	288.2	289.3	290.6	292.4	293.7	294.8	296.2	297.2	297.7
1981/1980 % Change In Menu Price By Month	9.68	10.22	9.66	9.58	9.33	9.00	9.18	8.98	8.62	8.46	7.95	7.20
1981/1980 % Change In Menu Price Year To Date	9.68	9.95	9.85	9.78	9.69	9.58	9.52	9.45	9.36	9.26	9.14	8.97
1982 Index	299.8	301.2	302.4	303.6	304.8	305.9	307.6	308.7	309.8	310.7	311.4	312.6
1982/1981 % Change In Menu Price By Month	6.73	5.80	5.70	5.34	5.36	5.26	5.20	5.11	5.09	4.90	4.78	5.00
1982/1981 % Change In Menu Price Year To Date	6.73	6.26	6.07	5.89	5.78	5.69	5.62	5.56	5.50	5.44	5.38	5.35
1983 Index	314.5	315.2	316.5	318.0	318.6							
1983/1982 % Change In Menu Price By Month	4.90	4.65	4.66	4.74	4.53							
1983/1982 % Change In Menu Price Year To Date (Cumulative)	4.90	4.78	4.74	4.74	4.70							

Source: *NRN* Research

PRICE INDEX FOR WHOLESALE FOOD

1979 to June 1982 (1967 = 100.0)

	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1979 Index	219.7	224.5	225.4	227.5	226.4	223.9	225.0	224.5	228.2	226.8	229.9	232.1
1980 Index	231.1	235.7	234.7	231.7	237.4	237.7	245.4	253.9	254.2	258.3	259.3	253.9
1981 Index	255.8	253.9	253.2	251.6	250.3	252.2	255.5	253.7	251.7	249.4	247.8	247.6
1981/1980 % Change In Wholesale Price By Month	10.69	7.72	7.88	8.59	5.43	6.10	4.12	−0.08	−0.98	−3.45	−4.44	−2.48
1981/1980 % Change In Wholesale Price Year To Date	10.69	9.19	8.75	8.71	8.05	7.72	7.18	6.22	5.37	4.43	3.57	3.06
1982 Index	252.0	253.5	251.6	254.4	257.9	259.0	256.8	255.9	255.4	252.9	252.1	252.7
1982/1981 % Change In Wholesale Price By Month	−1.49	−0.16	−0.67	1.11	3.04	2.70	0.51	0.87	1.47	1.40	1.74	2.06
1982/1981 % Change In Wholesale Price Year To Date	−1.49	−0.82	−0.77	−0.31	0.36	0.74	0.71	0.73	0.81	0.87	0.95	1.09
1983 Index	252.4	254.7	255.5	258.1	258.2	256.5						
1983/1982 % Change In Wholesale Price By Month	0.16	0.47	1.55	1.45	0.12	−0.97						
1983/1982 % Change In Wholesale Price Year To Date	0.16	0.32	0.73	0.91	0.75	0.46						

Source: *NRN* Research

CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

Menu price hikes outstrip leveling food and labor costs

Family restaurants/coffee shops have been slow to drop their menu prices. After cutting back from an average 9.1% menu price rise in 1981 to a 6.1% increase in 1982, they raised their prices 5.5% this year—well above the inflation rate.

Food costs increase only 1.5% this year, but labor costs jumped 3.6% (perhaps partly because of the new tip reporting credit requirements

This category shows a rising proportion of customers in the over 50 bracket, now accounting for 29.3% of sales.

Income levels are higher for family restaurant customers, with 40.2% now in the $15,000 to $24,999 family income bracket and 28.1% at over $25,000.

Dinner, at 33.7% of sales, and breakfast, at 23.6%, show the biggest gains for meal period proportion of sales.

OPERATING HIGHLIGHTS OF FAMILY RESTAURANTS/ COFFEE SHOPS

	1982	1983*
Food Sales	100%	100%
Food Cost	32.9	32.2
Supplies	3.1	3.2
Labor	28.0	28.0
Utilities	4.5	4.6
Advertising, Promotion	3.5	3.6
Administrative, General	6.5	6.5
Repairs, Maintenance	1.2	1.2
Rent, Property Tax, Insurance	8.0	8.1
Depreciation	2.7	2.8
Interest	1.4	1.3
Total	91.8%	91.5%
Pretax Profit	8.2	8.5

Source: *NRN* Research

**NRN* estimate

INSIDE STATISTICS OF FAMILY RESTAURANTS/COFFEE SHOPS

	1981	1982	1983*
Cost Profile			
Menu Price Changes	9.1%	6.1%	5.5%
Food Cost**	3.5	2.1	1.5
Labor Cost Increases†	7.8	3.5	3.6
Consumer Profile			
Age Distribution			
Under 25	29.8%	26.8%	24.1%
25-49	46.3	46.0	46.6
50+	23.9	27.2	29.3
Total	100.0%	100.0%	100.0%
Income Distribution			
Under $8,000	9.1%	8.2%	7.6%
$8,000-$14,999	37.3	28.5	24.1
$15,000-$24,999	35.3	38.1	40.2
$25,000+	18.3	25.2	28.1
Total	100.0%	100.0%	100.0%
Sales Percentage Breakdown			
Breakfast	24.8%	21.1%	23.6%
Lunch	31.7	32.0	29.2
Dinner/Supper	35.0	30.2	33.7
Other	8.5	16.7	13.5
Total	100.0%	100.0%	100.0%

Source: *NRN* Research

**NRN* estimate

**Due to wholesale price changes

†Due exclusively to changing benefits, wages, new overtime provisions, tip credit and meal credit changes

Restaurants top supermarkets in real sales gains

If Government figures are right, a significant and continuing recovery in real sales gains has developed for almost all types of restaurants over the last year.

Furthermore, real sales gains at eating and drinking places are significantly outpacing those at the supermarket, despite continuing flatness in wholesale food prices.

This seems to validate studies that have shown that the public is eager to eat out on more occasions than they now do—if they feel they can afford to.

The apparent magnet drawing customers back to the nation's restaurants is a brightening employment picture—brightening, at least, on some critical fronts.

Though civilian unemployment shrank just a tenth of a percentage point to 10% of the labor force in June, nonagricultural payroll employment jumped by 344,000.

This brings the total increase in the payroll category to 1.1 million since the economy bottomed last December. Economists say these employment gains are absolutely critical to continuing economic recovery because wages and salaries themselves are rising so slowly that only new hiring can get consumers into any sort of position to spend more.

While figures compiled by the Commerce Department and others show significant improving real business for the total eating and drinking places category, some segments are outpacing others.

Most notably, real recovery seems much stronger in the fast-food hamburger category than in the coffee shop group.

Many analysts felt that during the worst of the recession, it was the fast-food hamburger group that was actually losing customers, who were dropping out of the eating-away-from-home market, rather than just visiting restaurants less frequently.

REAL SALES CHANGES

(Comparative unit sales rise minus menu price rise)

	Average Store				Eating & Drinking Places	Food Stores
	Coffee Shops†	Fast Food		Total		
		Burger††	Other†††			
1980						
1st Qtr.	−5.6	−2.2	−3.5	−3.7	−0.7	4.6
2nd Qtr.	−3.3	−2.8	−3.0	−3.1	−2.1	3.9
3rd Qtr.	−0.2	−0.7	−1.7	−1.3	−2.5	2.7
4th Qtr.	−2.7	0.3	0.5	−0.5	−3.1	−0.3
1981						
1st Qtr.	−1.8	0.6	0.8	0.3	−0.8	−1.2
2nd Qtr.	3.7	1.6	1.9	2.2	2.1	2.4
3rd Qtr.	0.9	−0.7	1.0	0.7	1.6	3.0
4th Qtr.	−2.4	−0.1	0.6	−0.3	0.3	4.4
1982						
1st Qtr.	−3.5	−0.1	−0.3	−0.9	−0.7	2.3
2nd Qtr.	−0.9	4.9	2.0	2.2	1.7	0.8
3rd Qtr.	2.1	6.0	1.8	3.1	4.4	1.3
4th Qtr.	2.8	5.6	2.6	3.3	6.9	1.7
1983						
1st Qtr.	3.2	6.9	3.1	4.2	8.2	1.8
2nd Qtr.	4.0	6.7	4.2	4.8	7.7*	2.4*

Source: U.S. Department of Commerce, Bureau of Labor Statistics, Restaurant Industry Trends

**NRN* Estimate

†Denny's, Friendly, Howard Johnson, Sambo's

††Burger King, Hardee's, Jack in the Box, McDonald's, Wendy's

†††Church's, Dunkin' Donuts, KFC, Long John's, Pizza Hut, Ponderosa, Taco Bell, Winchell's

CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

TOP SELLERS AT FAMILY RESTAURANTS AND COFFEE SHOPS

Menu Items	Average Weekly Dollars Per Restaurant 1982	Average Weekly Dollars Per Restaurant 1983*	Per Cent Of Total Sales 1982	Per Cent Of Total Sales 1983*	Average Number Of Items Sold Per Week 1982	Average Number Of Items Sold Per Week 1983*	Per Cent Of Items Sold 1982	Per Cent Of Items Sold 1983*
Breakfast	$ 4,028	$ 4,412	28.2	28.4	1,966	2,026	17.6	18.1
Platters/Salads	2,486	2,643	17.4	17.0	925	1,011	8.3	9.0
Beverages	2,643	2,812	18.5	18.1	5,394	5,180	48.2	46.3
Sandwiches	2,028	2,176	14.2	14.0	1,153	1,216	10.3	10.9
Dinners	1,815	2,211	12.7	14.2	397	481	3.5	4.3
Desserts	629	622	4.4	4.0	629	565	5.6	5.1
Chili/Soup/Side Orders	657	668	4.6	4.3	730	703	6.5	6.3
TOTALS	$14,286	$15,544	100.0	100.0	11,194	11,182	100.0	100.0

Source: *NRN* Research *NRN estimate

BREAKFAST: 28.4% OF 1983 SALES

Menu Items	Average Weekly Dollars Per Restaurant 1982	Average Weekly Dollars Per Restaurant 1983*	Per Cent Of Total Sales 1982	Per Cent Of Total Sales 1983*	Average Number Of Items Sold Per Week 1982	Average Number Of Items Sold Per Week 1983*	Per Cent Of Items Sold 1982	Per Cent Of Items Sold 1983*	Average Menu Prices 1982	Average Menu Prices 1983*
Eggs	$ 644	$ 697	16.0	15.8	322	332	16.4	16.4	$2.00	$2.10
Omelets	758	812	18.8	18.4	286	285	14.6	14.1	2.65	2.85
Baked Goods	226	243	5.6	5.5	323	347	16.4	17.1	0.70	0.70
Pancakes	366	406	9.1	9.2	209	208	10.6	10.3	1.75	1.95
Waffles	80	75	2.0	1.7	50	44	2.5	2.2	1.60	1.70
French Toast	101	105	2.5	2.4	56	57	2.8	2.8	1.80	1.85
Cereals	44	49	1.1	1.1	52	58	2.6	2.9	0.85	0.85
Other	173	150	4.3	3.4	173	143	8.8	7.0	1.00	1.05
Meat Breakfast	622	666	15.4	15.1	168	180	8.6	8.9	3.70	3.70
Combo Breakfast	1,014	1,209	25.2	27.4	327	372	16.7	18.3	3.10	3.25
TOTALS	$4,028	$4,412	100.0	100.0	1,966	2,026	100.0	100.0		

Source: *NRN* Research *NRN estimate

PLATTERS/SALADS: 17% OF 1983 SALES

Menu Items	Average Weekly Dollars Per Restaurant 1982	Average Weekly Dollars Per Restaurant 1983*	Per Cent Of Total Sales 1982	Per Cent Of Total Sales 1983*	Average Number Of Items Sold Per Week 1982	Average Number Of Items Sold Per Week 1983*	Per Cent Of Items Sold 1982	Per Cent Of Items Sold 1983*	Average Menu Prices 1982	Average Menu Prices 1983*
Specialty Burger	$ 733	$ 745	29.5	28.2	257	276	27.8	27.3	$2.65	$2.70
Burger Platter	351	360	14.1	13.6	138	150	14.9	14.8	2.35	2.40
Fish Platter	247	256	9.9	9.7	105	109	11.4	10.8	2.30	2.35
Chicken Platter	223	231	9.0	8.7	84	84	9.1	8.3	2.60	2.75
Chili Platter	104	107	4.2	4.0	56	61	6.0	6.0	1.70	1.75
Diet Platter	381	404	15.4	15.3	127	137	13.7	13.6	2.85	2.95
Chef Salad	374	459	15.0	17.4	131	164	14.2	16.2	2.70	2.80
Other Platters	73	81	2.9	3.1	27	30	2.9	3.0	2.60	2.70
TOTALS	$2,486	$2,643	100.0	100.0	925	1,011	100.0	100.0		

Source: *NRN* Research *NRN estimate

Family restaurants can expect to flex their muscles at dinnertime with solid sales gains for full dinners projected for this year—particularly in beef- and chicken-based meals. The percentage of chefs salads out of the total mix of platters and salads is also expected to take a significant jump.

CHAIN ANALYSIS/PART II: FAMILY RESTAURANTS

BEVERAGES: 18.1% OF 1983 SALES

Menu Items	Average Weekly Dollars Per Restaurant 1982	1983*	Per Cent Of Total Sales 1982	1983*	Average Number Of Items Sold Per Week 1982	1983*	Per Cent Of Items Sold 1982	1983*	Average Menu Prices 1982	1983*
Coffee	$1,221	$1,263	46.2	44.9	2,713	2,526	50.3	48.7	$0.45	$0.50
Carbonated Drinks	663	692	25.1	24.6	1,205	1,153	22.3	22.2	0.55	0.60
Milk	248	284	9.4	10.1	496	516	9.2	10.0	0.50	0.55
Juices	251	278	9.5	9.9	405	397	7.5	7.7	0.62	0.70
Tea	77	87	2.9	3.1	171	174	3.2	3.4	0.45	0.50
Iced Tea	100	121	3.8	4.3	222	242	4.1	4.7	0.45	0.50
Hot Chocolate	49	51	1.8	1.8	114	106	2.1	2.0	0.43	0.48
Other Beverages	34	36	1.3	1.3	68	66	1.3	1.3	0.50	0.55
TOTALS	$2,643	$2,812	100.0	100.0	5,394	5,180	100.0	100.0		

Source: *NRN* Research **NRN* estimate

SANDWICHES: 14% OF 1983 SALES

Menu Items	Average Weekly Dollars Per Restaurant 1982	1983*	Per Cent Of Total Sales 1982	1983*	Average Number Of Items Sold Per Week 1982	1983*	Per Cent Of Items Sold 1982	1983*	Average Menu Prices 1982	1983*
Specialty Burger	$ 456	$ 481	22.5	22.1	217	229	18.8	18.8	$2.10	$2.10
Plain Burger	306	339	15.1	15.6	211	234	18.3	19.3	1.45	1.45
Cheeseburger	260	285	12.8	13.1	168	184	14.6	15.1	1.55	1.55
Bacon/Lettuce/ Tomato	154	168	7.6	7.7	81	86	7.0	7.1	1.90	1.95
Grilled Cheese	126	130	6.2	6.0	87	84	7.6	6.9	1.45	1.55
Fish	205	205	10.1	9.4	105	100	9.1	8.2	1.95	2.05
Ham	126	133	6.2	6.1	63	62	5.5	5.1	2.00	2.15
Other Sandwiches	353	381	17.4	17.5	172	173	14.9	14.2	2.05	2.20
Frankfurters	42	54	2.1	2.5	49	64	4.2	5.3	0.85	0.85
TOTALS	$2,028	$2,176	100.0	100.0	1,153	1,216	100.0	100.0		

Source: *NRN* Research **NRN* estimate

DINNERS: 14.2% OF 1983 SALES

Menu Items	Average Weekly Dollars Per Restaurant 1982	1983*	Per Cent Of Total Sales 1982	1983*	Average Number Of Items Sold Per Week 1982	1983*	Per Cent Of Items Sold 1982	1983*	Average Menu Prices 1982	1983*
Steaks	$ 356	$ 438	19.6	19.8	57	70	14.4	14.6	$6.25	$6.25
Chicken	365	450	20.1	20.4	87	106	21.9	22.0	4.20	4.25
Chopped Steak	136	158	7.5	7.1	35	40	8.8	8.3	3.90	3.95
Roast Beef, Turkey	273	329	15.0	14.9	58	70	14.6	14.6	4.70	4.70
Shrimp	243	250	13.4	11.3	49	48	12.3	10.0	4.95	5.20
Other Seafood	344	406	19.0	18.4	86	99	21.7	20.5	4.00	4.10
Other Dinners	98	180	5.4	8.1	25	48	6.3	10.0	3.90	3.75
TOTALS	$1,815	$2,211	100.0	100.0	397	481	100.0	100.0		

Source: *NRN* Research **NRN* estimate

While coffee and carbonated beverages are projected to either slip or barely hold their own as beverages of choice, a growing number of customers are expected to order milk, juices and tea—especially iced tea. Specialty burgers face a similar fate vs. their less elaborate counterparts.

CHAIN ANALYSIS/PART II: BURGERS

Drop in inflation, level food costs keep menu hikes down

After climbing 8.9% in 1981 and 5.1% in 1982, average menu price rises for burger chains this year are only up 3.8%. This reflects both a sharp drop in inflation throughout the economy and a leveling off in costs.

A gradual upswing in the income of fast-food burger customers is noticeable with customers in the $15,000 to $24,999 family income range now accounting for one-third of the sales and those in the over $25,000 bracket yielding 36.3%. The 25- to 49-year-old age group continues to provide the majority of customers, although by a smaller margin.

INSIDE STATISTICS OF BURGER CHAINS

	1981	1982	1983*
Cost Profile			
% Menu Price Changes	8.9%	5.1%	3.8%
% Food Cost***	3.1	2.9	1.5
Labor Cost Increases†	6.0	3.8	3.6
Customer Profile			
Age Distribution			
Under 25 Years Old	27.6%	24.3%	27.1%
25-49 Years Old	53.9	56.6	52.7
50 Years Old +	18.5	19.1	20.2
Income Distribution			
Under $8,000	13.5%	11.6%	7.9%
$8,000-$14,999	25.0	23.2	22.8
$15,000-$24,999	34.9	32.0	33.0
$25,000 +	26.6	33.2	36.3
Sales Percentage Breakdown			
Breakfast	8.5%	10.7%	12.1%
Lunch	47.4	47.1	45.7
Dinner/Supper	37.0	36.9	37.4
Other	7.1	5.3	4.8

Source: *NRN* research *NRN estimate

* Due to wholesale price changes

†Due exclusively to changing wages, benefits, new overtime provisions, tip credit, meal credit charges

OPERATING HIGHLIGHTS OF BURGER CHAINS

	1982	1983*
Food Sales	100%	100%
Food Cost	34.6	34.4
Supplies	4.0	4.0
Labor Cost, Benefits	24.6	24.5
Utilities	3.3	3.4
Advertising, Promotion	4.4	4.5
Administrative, General	6.2	6.1
Repairs, Maintenance	1.4	1.4
Rent, Property Tax, Insurance	8.0	8.0
Depreciation	2.5	2.5
Interest	2.0	1.8
Total	91.0	90.6
Pretax Profit	9.0	9.4

Source: *NRN* research *NRN estimate

Average unit sales climb 8%

Comparative average unit sales of burger chains surveyed by *Nation's Restaurant News* jumped 8% this year, from $14,000 to $15,276 a week and from $728,000 to $794,000 annually. Menu prices edged upward only slightly, yielding an average real sales increase of at least 4% on the chains surveyed.

Outpacing the averages this year were McDonald's with $1.15 million average per unit annual sales, up only 2%; Hardee's, $864,000, up 16%; Burger King, $850,000, up 10%, and Wendy's, $750,000, up 7%.

Breakfast continues to climb, with breakfast items accounting for 8.0% of total items sold and 10.8% of total sales, compared with 7.0% and 9.5%, respectively, last year.

Although McD has above average unit sales, growth was low at only 2%.

The trend toward specialty sandwiches appears to have halted. Hamburgers show a higher proportion of sales than formerly while specialty sandwiches have leveled off or even dropped.

Soft drinks—still a major leader in the mix—dipped from 24.8% of the items sold to 22.9% and from 13.7% of total sales to 13.1%. Consumer resistance to higher soft drink prices could be the reason.

SALES AT BURGER CHAINS

Menu Items	Average Weekly Dollar Sales Per Restaurant 1982	1983	Per Cent Of Total Sales 1982	1983	Average Number Of Items Sold Per Week 1982	1983	Per Cent Of Items Sold 1982	1983	Average Menu Prices 1982	1983
Principle Specialty Burger	$ 1,638	$ 1,833	11.7	12.0	1,170	1,282	7.7	8.1	$1.40	$1.43
Principle Specialty Burger With Cheese	1,190	1,283	8.5	8.4	778	828	5.2	5.2	1.53	1.55
Hamburger, All Other, Plain	1,218	1,359	8.7	8.9	1,107	1,235	7.3	7.8	1.10	1.10
Cheeseburger, All Other, Plain	980	1,054	7.0	6.9	803	850	5.3	5.4	1.22	1.24
Chicken	1,162	1,192	8.3	7.8	581	596	3.8	3.7	2.00	2.00
Fish Sandwich	350	336	2.5	2.2	292	280	1.9	1.8	1.15	1.20
Other Sandwiches	560	626	4.0	4.1	320	348	2.1	2.2	1.75	1.80
Combination Platter	700	765	5.0	5.0	280	306	1.8	1.9	2.50	2.50
French Fries	1,722	1,848	12.3	12.1	2,733	2,843	18.0	17.9	0.63	0.65
Carbonated Beverages	1,918	2,001	13.7	13.1	3,761	3,638	24.8	22.9	0.51	0.55
Milk	42	46	0.3	0.3	114	121	0.8	0.8	0.37	0.38
Coffee	322	367	2.3	2.4	826	918	5.5	5.8	0.39	0.40
Milkshakes	448	504	3.2	3.3	640	720	4.2	4.5	0.70	0.70
Desserts	308	336	2.2	2.2	560	560	3.7	3.5	0.55	0.60
Breakfast Items	1,330	1,650	9.5	10.8	1,064	1,269	7.0	8.0	1.25	1.30
Other Items	114	76	0.8	0.5	134	86	0.9	0.5	0.85	0.88
TOTALS	$14,002	$15,276	100.0	100.0	15,163	15,880	100.0	100.0		

Source: *NRN* Research

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Special Kitchen Design Supplement—Inside
Personality Profile: Ernest Royal—Page 29

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Democrats press for 24% minimum wage hike

GOP resurrects 'youth differential' plan

By Ken Rankin

WASHINGTON—Congressional Democrats have kicked off a new legislative drive aimed at raising the national minimum wage to $4.15 per hour.

The proposal, unveiled by Rep. Mario Biaggi (D-N.Y.), calls for a one-shot, 24% hike in the current $3.35 Federal hourly wage floor, which has remained unchanged since early 1981.

While passage by New Year's Day, as targeted by Biaggi, seems unlikely, support for the measure is expected to burgeon as next year's Presidential election campaign develops.

Biaggi's measure was introduced only hours after Rep. John Erlenborn (R-Ill.) advanced a Reagan Administration-backed bill to create a new lower "subminimum wage" for teenagers.

If enacted, Erlenborn's "youth differential" bill would allow food-service operators and other employers to hire teens (18 and under) at 85% of the present pay floor (or $2.85 per hour) for their first 180 days on the job.

Although Biaggi made no mention of that "youth differential" proposal in announcing his new minimum wage legislation, some indications were that the "$4.15 per hour" bill was introduced in retaliation for Erlenborn's measure.

Restaurant industry lobbyists do not expect either bill to pass Congress this session—traditionally, minimum wage legislation is only enacted in election years—but concern is apparent that Biaggi's proposal may be the opening shot in a long-range organized labor campaign to raise the national pay floor by mid-1984.

Among other things, union strategists are expected to press for legislation next year which would not only raise the minimum hourly rate well beyond $4, but also establish an escallator clause or "indexing" provision ensuring automatic annual hikes in the minimum wage.

In addition, organized labor is on record in favor of cutbacks in the current 40-hour work week and a further reduction in

(Continued on page 58)

Church's to buy Ron's Krispy, plans to convert Houston stores

SAN ANTONIO—Church's has agreed to purchase the 74-unit, Houston-based Ron's Krispy Fried Chicken from founder Ron Woodall for an undisclosed amount of cash.

The deal, which was scheduled to become final at the end of this month, will make Ron's a wholly owned subsidiary of 1,400-unit Church's.

Church's officials say they plan to keep most of the 34 franchised and 40 company-owned Ron's operating under the Ron's Krispy name.

The purchase will also allow Church's to convert its 16 company stores in Houston to Ron's, which it plans to do within the next month or two, according to William Storm, Church's senior vice president of finance.

A recent Federal court ruling barred Church's from operating company stores under the Church's name in Houston. Church's had just re-entered the Houston market last year, after a dispute with its franchisee there.

But a Federal judge has ruled that the franchisee, Jim Dandy, has the rights to the Church's name in Houston—at least until 1986—and so the company has to change the name of its own units.

Church's officers said last year they were prepared to change the name of the units if they lost the suit. Negotiations for Ron's have been going on for more than a year.

Church's plans to convert its 16 stores in the Houston market to the Ron's Krispy name in the next month or two.

Storm said converting to Ron's in Houston would actually be beneficial for several reasons: it would create uniformity in company operations in the city; it would make it easier to increase menu prices since Ron's prices are higher than Church's, and it would allow a greater impact from advertising.

"They've got a good reputation," Storm said of Ron's Krispy. "We just want to keep that business going without any sudden disruptions."

Ron Woodall opened his first Ron's Krispy Fried Chicken unit in Houston in 1971 and began franchising in 1973. At one time there were 85 units in the chain; now there are 74. One of the units may be sold to a buyer other than Church's.

Systemwide sales last year were $35 million, Woodall said. Average annual store sales are about $400,000, about the same or slightly higher than Church's, according to Storm.

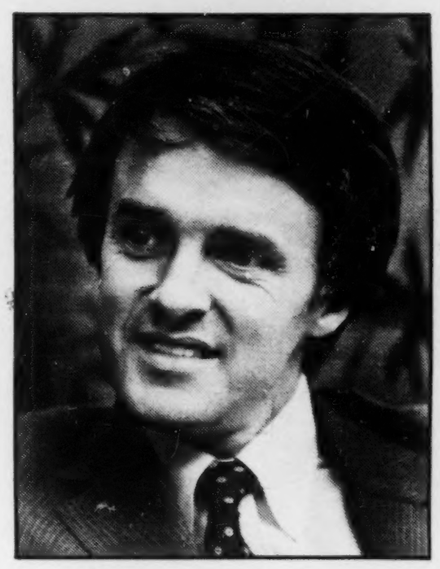
Woodall said he would stay on until "the Church's people feel comfortable" with the concept. After that, he said, he will become involved in some other business. He will not become a franchisee of the concept he created.

Commenting on the plan to keep the name and operations alive, he said, "I think it's a smart move. Ron's has an excel-

(Continued on page 58)

Kerrey to deliver keynote at MUFSO conference

LINCOLN, Neb.—Gov. Bob Kerrey, a war hero as well as a successful restaurateur, will be a featured keynote speaker at *Nation's Restaurant News*' 24th annual Multi-Unit Food Service Operators (MUFSO) conference at Los Angeles' Century Plaza Hotel, Oct. 9-12.



Governor Bob Kerrey

Kerrey's campaign for office last fall on the Democratic ticket attracted national press coverage. The Governor, a Nebraska native, won a Congressional Medal of Honor in Vietnam. During the action that won him the medal, a grenade exploded at his feet tearing off part of one leg.

During last fall's election campaign Kerrey stressed his fiscal conservatism along with a range of proposals designed to build an agricultural processing industry in this state.

A campaign aide remarked that when Kerrey was in one of his Grandmother's Skillet restaurants, "He'd look at his restaurant and be very distressed that the only Nebraska-manufactured food he could buy was beef."

Although Kerrey's interest in the restaurant business began early, he studied pharmacy at the University of Nebraska, graduating in 1965.

After convalescing from his leg injury, Kerrey again took up pharmacy. It wasn't until 1972 that he decided to go into the restaurant business. He now has four restaurants.

Kerrey, who is divorced and has two children, has been quoted as saying that similarities are strong between running a restaurant and being a politician.

Before he was elected he noted "I collect the taxes for the state of Nebraska. I'm on the other side of the cash register and I know how hard it is on people to separate themselves from [money paid as tax]."

LATE NEWSBREAKS

Members of the Murchison family say they are in the process of buying out Tony Roma's restaurant chain partner Jack Peebles, a Miami attorney. Robert Murchison has been named Tony Roma's ceo. S. William Bowman, a Red Lobster vp and regional operations director, is replacing Noel Stein as Tony Roma's operations director.

Sambo's has converted a number of its 6-month-old Season's restaurants to Godfather's Pizza units, the first of 60 such projected conversions as a franchisee. Meanwhile, Sambo's is slated to convert 50 Season's to W. R. Grace's Coco's coffee shops within the next 12 months.

C. A. Muer Corp., Detroit-based operator of about 35 seafood restaurants, will shortly open a pasta-and-poultry-menu family restaurant called Mama & Pasta's in Wayne, Mich.

Labor Dept. policy overruled

Court squelches meal credit constraints

NEW ORLEANS—In a decision likely to force the Labor Department to abandon its controversial meal credit crackdown, a Federal appeals court in Louisiana ruled that restaurants need not offer minimum wage workers a continuing option to demand cash pay instead of reduced price meals.

The ruling effectively invalidates a Federal wage hour enforcement policy prohibiting food-service operators from deducting meal credits from the pay of minimum wage workers who do not voluntarily and continuously agree to those deductions.

Although this month's appeals court ruling is binding only in the Fifth Judicial Circuit (Louisiana, Texas and Arkansas), a separate Federal appeals panel in Georgia handed the Labor Department an almost identical meal credit setback earlier this year in a parallel decision involving Morrison's and Davis Brothers' cafeterias.

Despite that earlier Eleventh Circuit ruling (which prohibited Federal wage and hour agents from enforcing the controversial meal credit rules in Georgia, Alabama and Florida), the Labor Department maintained its enforcement crackdown against restaurateurs in other parts of the country.

Now that two Federal appelate courts have declared the regulations invalid, "it's inconceivable the Labor Department will continue to pursue this enforcement policy anywhere," attorneys at the Washington, D.C.-based Foodservice and Lodging Institute told *Nation's Restaurant News*.

The controversy centers on the department's interpretation of a Federal Fair Labor

(Continued on page 58)

COMMODITIES

Drought, Soviets force meat down, grain up

NRN Special Report

Pork has joined beef in its usual summer doldrums, with prices crossing back and forth over the $1 level at the slaughter houses in the Midwest. The drought in the Midwest caused a good deal of problems for cattle and hog producers during latter July. Extreme heat and lack of rain cut animal weight, both for cattle in feed lots, where it was too hot to eat, and for hogs on the farm. Lower weight increases inspired many raisers to haul their animals to market before things got worse. As a result, the pipeline filled with meat, and the prices—predictably—dropped.

While prices are moving back up this month and next, they will reflect increased marketing of animals for some time. Hog producers have shortened the time it takes to get a hog to market, both through genetics and better feeding methods. As a result, present hog prices in the $46-$48 per hundredweight range are barely ahead of many producers' costs of production. Coupled with the sharp increase in the price of corn and feed grains due to both the drought and to new Soviet buys expected under the recently agreed upon grain purchase pact, sows which would normally be held for breeding are finding their way to the slaughter house in greater numbers.

(Continued on page 58)

PRICE MOVEMENT AT A GLANCE

	Aug. 5, 1982	July 5, 1983	Aug. 5, 1983
Beef, Choice, 700-900 lb., Midwest (lb.)	$ 1.02	$ 1.03	$ 0.95
Broilers, Grade A, icepack NYC (lb.)	$ 0.4647	$ 0.5433	$ 0.5740
Cocoa, Raw, Ivory Coast (metric ton)	$1,527	$2,310	$2,416
Eggs, large, Grade A, white, Chicago (doz.)	$ 0.5675	$ 0.645-0.65	$ 0.735-0.74
Hams, Polish, canned, 10-14 lb. NYC (lb.)	$ 2.00-2.05	$ 1.55-1.57	$ 1.54-1.56
King Crab Legs, NYC, frozen (lb.)	$ 7.25-7.60	$ 8.50-9.20	$ 8.50-8.95
Lettuce, iceberg, Calif. (24s)	$ 4.00-6.00	$ 3.00-3.25	$ 4.50-5.50
Lima beans, large dry, Calif. (cwt.)	$34.50	$34.00	$35.00-36.00
Pork loins, Choice, 14-17 lb., Midwest (lb.)	$ 1.22	$ 0.92	$ 0.92
Scallops, raw frozen, domestic 30-40 count (lb.)	$ 3.85-3.90	$ 5.70-6.20	$ 5.75-6.25

Source: NRN Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

Shoney's South goes public

Big Boy, Captain D's franchise raises $16.7M to pay off debt, fuel growth

By Rurick Telberg

MEMPHIS—Shoney's South, a Big Boy and Captain D's franchisee, has gone public, raising $16.7 million from the sale of 1.1 million shares of common stock.

Selling shareholders offered 231,400 shares to reap $3.4 million and still retain 33% control of the company.

The company's share of the proceeds will be used to pay down about $11.5 million in bank debt borrowed to fuel expansion at half a point over prime.

The company was founded in 1970 by James Prentiss, now the 55-year-old chairman, president and chief executive. He kept about 12% ownership after the stock sale.

Alex Schoenbaum, a company director and senior chairman of Shoney's Inc. of Nashville, controls about 13% of the company.

Prentiss and Schoenbaum were once partners in developing Big Boy family restaurants in the South. They split in 1970 to form their own companies.

Schoenbaum, who had the Big Boy rights to Nashville, teamed up with Ray Danner whose Danner Foods was a public company at the time.

Prentiss, who had the Memphis territory, merged with Erwin Latimer and W. Terry Young who had the Charlotte, N.C., and Chattanooga, Tenn., territories. Latimer, 59, is executive vice president and Young, 53, is a director.

Shoney's South operates 104 Big Boy's and 41 Captain D's fast-food seafood outlets, both of which it franchises from Shoney's Inc. Marriott Corp. holds the master rights to the Big Boy name.

In addition, the company owns 13 Hungry Fisherman dinnerhouses and 18 fast-food Danver's restaurants. It franchises another 24 Danver's to others. It also has four pub-dinnerhouses under various names in test.

"We always intended to be a public company," said Dennis Reeve, chief financial officer.

Alex Schoenbaum

"We almost had a final draft of the S-1 [a Government filing form] in 1976 when the market fell off.

"1983 was the first time since then that we were able to put together a good earnings track record and forecast," he said.

Reeve indicated the decision to move early this summer was prompted by the company's need for future expansion capital and the sky-high stock market which has seen more restaurant companies go public in the

(Continued from page 58)

'Final' tip reporting regulations allow new flexibility to operators

By Ken Rankin

WASHINGTON—Final new Federal tip reporting regulations uncorked by the Internal Revenue Service earlier this month offer food-service operators new flexibility in complying with the agency's burdensome tip income "allocation" requirements.

But the concessions made by the tax service fall far short of the relief demanded by restaurant industry and union groups, and, if anything, the freshly revised IRS regulations are likely to add fuel to the drive for Congressional changes in the controversial tip disclosure law.

The most significant "reform" adopted by the agency will sharply reduce the number of restaurants that will be required to allocate unreported tip "income" to employees.

Under the original "temporary" IRS tip regulations issued last December, establishments at which employees reported tip income averaging less than 8% of total food and beverage sales were required to "allocate" the difference proportionately among all workers for every pay period (or at least once a month).

The new "final" rules require this complex "allocation" process to be performed only once each year.

Under the new system, even if tips reported by employees drop below 8% of sales for several months or pay periods no allocation will be required unless the annual average reported by all workers falls below the 8% safe harbor threshold.

Earlier this year both the National Restaurant Association and the Foodservice & Lodging Institute had recommended this change in formal comments to the agency, and in granting these requests IRS acknowledged that "tip allocations on even a 31-day basis is too burdensome" for many restaurateurs.

In addition, the new regulations expand the tip reporting exemption to excuse most cafeteria workers from the rule even if they receive occasional gratuities for serving beverages.

In order to qualify as an exempt "cafeteria-style operation," the establishment must be one which is "primarily self-service and in which the total cost of food or beverages selected by a customer is paid prior to the customer's being seated or is stated on a check provided to the customer prior to the customer's being seated and is paid by the customer to a cashier," the IRS explained.

Examples of "self-service" operations include buffets, smorgasbords and cafeteria lines where food and beverages are selected at one location and then carried to a seat by the customer, the agency said.

"If, after a customer is seated, a food or beverage employee delivers items such as an item that required additional preparation after being selected by the customer, condiments, beverages, or refills at no additional cost to the customer, a food or beverage operation's status as primarily self-service would not be affected," the new regulations state.

At the same time, IRS narrowed the definition of an exempt "fast food" establishment to include only operations

(Continued from page 57)

Dunfey feeding $20M into f&b refurbishment

By Susan Spedalle

HAMPTON, N.H.—Dunfey Hotels, the 28-unit chain owned by Aer Lingus, is refurbishing its entire food and beverage program at a cost in the neighborhood of $20 million.

Changes include introduction of American cuisine themes for some of Dunfey's white table cloth restaurants and the revitalization of its landmark concepts.

Involved are facilities at nine hotels, ranging in size from 300-600 rooms. All cater to essentially local clienteles with their food and beverage facilities.

"The restaurant must appeal to the hotel customer," said Walter Staib, vice president of food and beverage, "but the hotel guest is just cream on the top."

American cuisine with the appropriate regional specialties will be the focus of restaurants at the Dunfey San Mateo near San Francisco, the Pavillion Tower Resort and Conference Center in Virginia Beach and the Netherland Plaza in Cincinnati.

Landmark restaurants which will be undergoing restorative work include Parker's at the Parker House in Boston, the Rib Room at the Royal Orleans in New Orleans and the Rosewood Room at The Northstar Hotel in Minneapolis.

"Restaurants have a certain life cycle," explains Staib, "and before that cycle ends you've got to work on the development of a new cycle."

At the San Mateo Dunfey the white tablecloth restaurant called Poppies will feature "California cuisine," according to Patrick Augustyn, corporate director of food standards. Augustyn characterizes "California cuisine" as local California ingredients used in innovative ways. He might, for instance, serve a dish of prawns and tenderloins of chicken with a puree of artichoke. Augustyn plans to procure lamb which have grazed in the Napa or Sonoma Valleys, locally raised produce and fresh vegetables such as avocados and artichokes.

The 120-seat restaurant, which will also focus on small, local wineries, will produce a check range of $20 to $40 a person without liquor. The wide price differences are meant to support a broad market base.

An already existing lobby cafe will be remerchandised to include the California touch. Wine by the glass, fresh vegetables and native cheeses will be available.

At the Netherland Plaza, where $23 million has been spent in restoration over the past year and a half, a complex called the Palm Court is being constructed for an October '83 opening.

(Continued from page 57)

Artist's rendering of planned refurbishment of Palm Court Lounge at the Netherland Plaza.